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SIGNIFICANCE OF THE SPECIAL EMERGENCY SESSION OF THE GENERAL ASSEMBLY

V. CVETIĆ

THE SUCCESSFUL conclusion of the special emergency meeting of the United Nations General Assembly was welcomed by the world public, for it had surmounted a dangerous crisis in the vulnerable region of the Middle East, a crisis which threatened to expand into an international conflict of wide proportions.

Pacification in that fast-moving part of the world which is now passing through a stormy period of its history (characterized by the victorious progress of the Arab movement for emancipation and independence) is of great importance, not only regarding the destiny of the nations in that area, but also in the general development of international relations.

It may be expected that the unanimous approval of the Arab resolution by the General Assembly will mark the beginning of an significant improvement in international relations and of a new Western Powers' policy in the Middle East. The Arab countries are becoming an ever more powerful and important factor in inter-

national affairs, and it seems that the problems of the Middle East are being approached in a more realistic and constructive way. Together with this, there is a growing awareness that all countries, particularly the Great Powers, should accept reality in the Middle East, such as it is. Consequently, it may be said that conditions are gradually being created for the stabilization of the situation in that part of the world, a stabilization which can be achieved by the adaptation of the policy of every country to the uncheckable and inevitable progress of Arab emancipation.

The victory of the Arab countries, as well as that of all the non-aligned countries which contributed to it by their constructive endeavours to find compromise solution which would be acceptable to all, is all the more important because it was won in a period of highly strained East-West relations — on the basis of the knowledge that pacification is in the interest of all, that the problem cannot be solved by cold war propaganda or

by the use of force, but by peaceful means, by negotiation, and by making use of all means at the disposal of the United Nations.

The solution agreed upon reflects the general feeling expressed in the General Assembly's debate. The Arab resolution corresponds to the urgency of the situation, as it provides for the withdrawal of foreign troops from the Middle East, and this is the first essential step that must be taken for the elimination of the direct causes of the crisis.

The resolution of the ten Arab countries not only symbolizes Arab solidarity; it also provides a basis for a more comprehensive solution, in accordance with the principles of the Arab League, i. e., non-interference, equality, mutual respect of one another's sovereignty and integrity, etc. Now, the efforts of the Secretary General to make practical arrangements which would contribute in an appropriate way to the implementation of the Charter aims and principles in Lebanon and Jordan, and bring about

an urgent withdrawal of foreign troops from their territory, are a proof that the United Nations has affirmed itself as a powerful factor in solving international disputes. As far as these practical arrangements, i. e., the setting up of adequate United Nations organs, are concerned, it must be understood that such organs cannot interfere in the internal affairs of any state. The stationing of United Nations organs in the Middle East will speed up the withdrawal of Anglo-American forces and so facilitate pacification, as well as make it possible to start political solving of other problems in that region.

The significance of the resolution will not end with the completion of this short-term, temporary task of bringing about a withdrawal of the intervention forces and of preventing new complications. The resolution is of far greater importance for, as soon as this primary aim is realized, other, long-term tasks are to be approached, such as the economic development of the Middle East and the regulation of relations between the Arab countries on the principles of coexistence. The important thing is that the resolution should prepare the ground for a financial union of the Arab countries, which would speed up the economic emancipation of the whole region. And this would stabilize conditions and strengthen the basis of an independent Arab policy.

We should like to add that the solving of the problems of the Middle East would be made much easier if the outside factors, primarily the Great Powers, were to realize that it is illusory to oppose the progressive Arab movement from historically outmoded positions.

The causes of crisis in the Middle East should not be sought for in the Arab anti-colonial and liberation movement, or in indirect aggression, but in interference from abroad, from the Great Powers, which are continuing to pursue — by armed interventions — a wrong and unsuccessful policy, now when they ought to accept the new situation and try to understand the new movements. The attempts of these powers to ensure their interests by such a policy are doomed to failure.

It is illusory to insist on "legitimate" interests in that area. It must be understood that material interests can be insured only by equal and free talks, and not at all by pressure and coercion.

The common shortcoming of all the earlier plans for the solving of the Middle Eastern problem was that they took no account of the changes in that area and ignored the Arab countries.

The course of developments in the Middle East and the negative policy of the countries have long indicated the need for a different approach to Middle Eastern problems. But in spite of this the old, obsolete policy was continued.

The fact that American troops landed in Lebanon at a time when the United Nations observers had already established that the sovereignty and integrity of that country were not threatened by any interference from abroad, and when conditions had been created for the solving of the internal Lebanese crisis in harmony with the wishes of the Lebanese people, shows that the real reason for the intervention was to be found outside Lebanon. This was confirmed by the landing of British troops in Jordan. The threat of extension of the intervention was, however, checked by the speedy and decisive reaction of the forces of peace in the world, and by the rapid consolidation of the situation in Iraq, which disarmed those elements who are always ready to ask foreign troops to protect them from their own people.

In Yugoslavia's opinion, the question of indirect aggression was not raised by any especially interested country, nor was it in accordance with either the United Nations Charter or the needs of collective security. It was forgotten that large popular movements, like the Arab movement, cannot be incited or checked from abroad.

The slogan of the struggle against alleged indirect aggression was used as a pretext to justify foreign intervention, and to conceal interference in other people's affairs.

The special emergency meeting of the General Assembly did not approve the action of the interventionists. What was of the greatest importance was to surmount the crisis and to insist on the urgent withdrawal of foreign troops as a precondition for pacification. The General Assembly's resolution calls for the withdrawal of foreign troops, and this was the chief and most urgent task of the emergency meeting. In this respect the meeting was a success, and this success is all the more important because it came as a result of the initiative of the

countries most concerned, i. e., the Arab countries, naturally, with the necessary support of the non-aligned and other countries. It was not accidental that other proposed resolutions failed to provide the basis for a compromise.

As the Yugoslav Government has stated, a lasting solution of the Middle Eastern problems cannot be achieved without the cooperation of the peoples of that area, or without close United Nations support for all efforts that may be made in this direction. The United Nations has played a very significant role in stabilizing the situation in that part of the world. It has carried out a number of successful actions there, and that has enormously increased its authority and prestige in the area.

We must mention that the Yugoslav Government, in its statement of July 19, expressed the opinion that it was essential to call a special meeting of the United Nations General Assembly, which alone was competent to consider a dispute such as that which had arisen in Lebanon.

The favourable outcome of the special emergency meeting of the General Assembly later proved the correctness of the attitude taken by the Yugoslav Government as soon as the crisis broke out, i. e., that it was necessary to convene the General Assembly in an emergency session.

Although the Yugoslav Government advocated — from the very beginning — the engagement of the United Nations in the solving of the crisis, it was not against other forms of initiative which were constructive in character, and which could have helped to solve the crisis.

Observers are all aware of the fact that throughout the crisis the Yugoslav Government was engaged in lively diplomatic activity, endeavouring, by the exchange of opinions — primarily through President Tito's correspondence — with the Governments of a number of countries, to make its contribution to a speedy improvement of the situation in the Middle East.

This activity of the Yugoslav Government, as well as the activity of the Yugoslav delegation, led by the

Secretary of State for Foreign Affairs, Koča Popović, at the emergency meeting of the General Assembly, were noticed and assessed as a signal contribution to the efforts to find a compromise and generally acceptable solution.

It is also worthy of note that the Yugoslav Government has, for a long time, been calling attention to the real essence of the movements in the Middle East, as well as to the need to approach the problem there with due consideration of the right of the Arab peoples to self-determination, independence and freedom to adopt whatever social, political and state system they like.

Yugoslavia is convinced that one of the essential preconditions for the creation of a favourable atmosphere and for the constructive solution of Middle Eastern problems is to put an end to interference by foreign powers in the domestic affairs of the peoples of that area, and to prevent any discussion of these problems from the viewpoint of bloc interests or bloc strategy. This is essential because the aspirations of the Arab peoples, which are progressive, regarding both internal development and international relations, represent an important factor, not only in the strengthening of the independence of the Middle Eastern states, but also in the securing of general peace, which can be consolidated only on the basis of peaceful cooperation between independent and equal members of the international community.

Danish - Yugoslav Relations

JOURNEY OF COOPERATION AND PEACE

— VISIT OF DANISH PREMIER TO YUGOSLAVIA —

ALTHOUGH situated in quite different geographical and political positions, Denmark and Yugoslavia, thanks to their realistic policy, have succeeded in finding enough points of contact to raise their relations to a high level which in itself, is an important contribution to favourable developments in the world. This fortunate example, so needed in these times of ideological intolerance, eloquently confirms the usefulness of the already affirmed principles of peaceful coexistence. When two countries with differing social political positions start building up good relations, not on what separates them, but on what draws them together, they cannot but embark upon a road which leads to mutual trust, fruitful cooperation and democratization of international relations in general.

It seems that this conclusion is more instructive than all the other good things which the visit of the Danish Premier produced for the two countries and for the cause of peace in the broader area of Europe. Today, when the fate of peace and the future of our civilization are dependent on this or that kind of balance between the two armed giants, when the policy of strength, mistrust, and hatred darkens the world's horizons, our generation, if it wishes to live, must seek a way out of its difficulties where it can really be found — in the policy of rapprochement, mutual confidence, cooperation and respect of the essential interests of every individual country.

There is enough space on our planet for all peoples and for all systems. There are in the world sufficiently large sources of natural wealth and enough technical possibilities to achieve prosperity for all. But under present conditions of division, super armaments, intimidation and the tendency to impose one's own way of life on other people, peace and prosperity, on this slippery borderline between peace and war, cannot be insured in any other way but by persevering endeavours to replace fear in international relations by goodwill, and methods of pressure by methods of patient negotiations and the gradual removal of all obstructions. Only in this way, which stands for the right of every country to independence, national dignity and equality, shall we be able to break the chains of the nuclear threat and step into a new life, in which the results of human intellect will be used for the good of all.

It is not at all accidental that this simple truth is grasped much more easily by small countries than by the Great Powers. In the past, recent and remote, small countries often taught the world how to fight and die for the great values of life, and today they are teaching it how to live in peace.

In territory and number of soldiers both Denmark and Yugoslavia are small countries. But the spirit which permeates their strivings is the greatest and most noble thing achieved in present political practice. Unlike Yugoslavia, which has embarked upon a road of socialist development, Denmark is a member of a bloc organization, but, as shown by the development of the Danish-Yugoslav relations, and particularly by the talks between Premier Hansen and the Yugoslav leaders, these differences in internal development and foreign political views do not prevent either of the countries from constantly expanding their field of cooperation. Conscious of their responsibility for the future and for peace, both countries find, in the sphere of international politics, too, wide opportunities for joint action in solving issues in dispute by peaceful negotiations.

This method of action, which is stressed in the communiqué on the Yugoslav-Danish talks, is today the only alternative to the chaotic piling up of war weapons and the use of force, which are threatening to destroy even the last chances of peace. The principles of peaceful coexistence, which constitute the foundation of Yugoslavia's foreign policy, accordingly, impress all peoples as the most realistic way to insure peace, independence and cooperation between all states and nations.

The implementation of these principles has already produced good results in Yugoslavia's relations with a number of European, African and Asian countries, and the present successful exchange of views and opinions with the Danish statesmen is just another eloquent proof of the necessity and correctness of such a policy.

New Current Account

THE REVIEW OF INTERNATIONAL AFFAIRS HAS GOT A NEW CURRENT ACCOUNT AT THE COMMUNAL BANK, IT WILL READ IN FUTURE:

101-14

31806/123

GENEVA CONFERENCE OF ATOMIC EXPERTS

Dr. Milan ŠAHOVIĆ

THE SUCCESSFUL conclusion of the Geneva Conference of Atomic Experts which, since July 1, had been considering the possibilities of detecting violations of a possible agreement on the suspension of nuclear tests, was an important event, the consequence of which may be very varied and of a far-reaching nature. The very fact that the communique on the conclusion of the Conference was immediately followed by an announcement from the White House that the United States Government was ready to suspend nuclear experiments from October 1 and start talks on the matter, showed that the results of the Conference of Atomic Experts, though they are not binding on any government, provide a powerful incentive to those forces which are seeking the general ban of nuclear weapons. Aware of the danger to which mankind is exposed by tests of nuclear weapons and by the actual existence of such weapons, these forces are striving for a broad international agreement which, together with other factors, would make it possible to stabilise the international situation, secure peace, and establish constructive international cooperation in the world of today.

Another matter which is of special significance is the fact — as revealed by the communique — that the atomic experts did not stop at general conclusions. After enumerating methods which could be used in detecting nuclear blasts — collection of radioactive substances, seismological recordings, measurements of acoustic and hydroacoustic waves, radio signals, and inspection of non-identified factors which may be supposed to have been caused by nuclear tests — the members of the Conference went further and, passed recommendations which dispelled all doubts that might have existed as to the possibility of such detection. They expressed themselves in favour of a control system which, in their opinion, could effectively register all violations of any future agreements on the suspension of nuclear tests, no matter where they might take place. Emphasizing that the nature and organisation of such control should be decided upon by the concerned governments themselves, the experts stated that control posts, equipped with the necessary instruments for the registration of nuclear blasts, should be established on

continents and islands, as well as on ships in various parts of the open sea.

There is no doubt whatsoever that the debates on the problem of controlling nuclear tests which took place in Geneva showed that the conclusions reached by those who participated in these debates reflected more or less the mass level of development of nuclear research in various parts of the world, although all work in this field had been kept secret. The basis of a possible agreement may be a disputable matter, but there is one thing which cannot be disputed — the unanimity of views expressed by the atomic experts whose work at the Conference in Geneva will constitute one of the brighter moments in the history which future generations will write about the struggle for the banning of nuclear weapons, for the protection of man from the lethal effects of his own inventions. We can surely speak now about the balance of power established in the atomic field by the Great Powers — the United States and the Soviet Union in the first place. And this may provide the basis of a general agreement which might be concluded in this field.

Whether we are now any closer to such an agreement will be shown by future events. The 13th regular session of the United Nations General Assembly is to begin in a few days' time, when debates will again start on disarmament, on the banning of nuclear weapons, on the consequences of nuclear tests and other related problems. The results of the Geneva Conference will have to be taken into account in these debates, for, as the United Nations Secretary General, Dag Hamarskjold, said in a message to the participants in this Conference, "It is for the competent governments and for

the United Nations to take advantage of the work you have done."

The March decision of the Soviet Government to suspend nuclear tests regardless of the attitude of the other side, was an event of decisive importance in the positive developments which, in spite of the Near Eastern crisis and other manifestations of cold war, later took place in the atomic field. Some days ago, the United States Government announced its intention of taking the same course, and this will certainly influence the attitude of Britain and France. Atomic experts have definitely established the fact that it is possible to control nuclear tests effectively at the present stage of development of nuclear science and technology. On the other hand, it is well known that this problem of control has been the chief stumbling block in the negotiations for the banning of nuclear weapons, which the Great Powers began immediately after the Second World War, i. e. 18 years. Thus we are not able to say that a general agreement will be signed soon as long as the competent Governments are at variance in this matter.

The conclusions of the Geneva Conference have created new prospects. The authoritative word of science has cleared up a disputable point. Now, it depends upon the leading atomic powers whether humanity will enter an era of peaceful development and of the great opportunities offered by the peaceful application of atomic energy. An agreement on an international system of control of nuclear tests would open a new phase, not only in relations between the Great Powers, but also in the general development of international relations.

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DRAFT OF NEW FRENCH CONSTITUTION

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I.

FRANCE, which also is the author of modern constitutional history in Europe also passed through several constitutional systems. From the Constitution of the Ciron-dins in 1781 and the Declaration on Human and Citizen Rights in 1789 to the Constitution of the Fourth Republic, France went through all stages of the bourgeois constitutional system: from a constitution of a moderate monarchy and autocracy under Napoleon, to the republican and parliamentary democratic constitution including also the never-applied constitution of the plebeian republic of the Montagnards in 1793 as well as the first draft constitution of the socialist republic during the Paris Commune.

This constitutional instability reflected the political and socio-economic processes by which the power of the bourgeoisie was created on capitalist soil as a new economic system during almost a century, which gradually eliminated the sinewy remains of feudalism. The victory of the liberal bourgeoisie, the political consciousness and development of the workers class is to be thanked that France experienced a stable constitutional system from the turn of the nineteenth century to Petain's capitulation before Hitler. This constitution, rather a compound of three so-called organic laws on the highest institutions of authority than a constitution in the real sense of the word, was brought by with one vote of the republican majority over the monarchists and lasted from 1875 to 1940. The Constitution of the Third Republic conceived as a fundamental task of the constitutional monarchy, is and concise, and rather a technical document on the creation functioning of the legislative and executive authority, provided a legal basis for the establishment and development of the lay, bourgeois radical democratic republic. In spite of the attempts of the reactionary officers group of Boulanger and the subsequent rightist and fascist plot of the Cagoulards to abolish this constitution, it remained the most stable and lasting constitutional document in the agitated history of the talented and meritorious French people which enriched the constitutional theory and practice by a series of significant institutions and ideas.

The Constitution of the Third Republic was abolished in an unworthy manner, enabling its liquidation by the capitulating reactionary forces gathered around Petain which had long since been preparing their revenge against parliamentarism, democracy, the Republic and in fact the human freedoms and the right of the peoples to self-government. It is true that the constitution of the Third Republic also had many limitations and shortcomings from the standpoint of a genuine democracy and the interests of a more real peoples rule. It corresponded to a historical period of French socio-economic development and its and also marked the termination of this period.

A new political phase in France was inaugurated by the liberation of the country after World War II. The French progressive forces which were united a short time after the liberation, intended to inaugurate a new phase in the political life of the country and legitimize this period by the enactment of a constitution which will correspond to a pro-

gressive democratic republic and which will eliminate the conservative and even monarchist remnants of the constitution of the Third Republic. This constitution did not get the majority at the referendum, however, although adopted by the Constituent assembly in 1940. Another version was adopted in 1946 instead, which was named the Constitution of the Fourth Republic.

The Constitution of the Fourth Republic represented a compromise between the tendencies of the communists, socialists and other progressive movements who wished to assure the government of the people by the people, by means of a decisive political role of the national assembly at least as the directly elected representative body and the tendencies of the centre and the right that the French political system should remain within the framework of the traditional mechanism of rule of the French republic. This compromise constitution was actually devoid of genuine advocates and sponsors, and the political forces which would implement and elaborate it. Some progressive provisions of this Constitution (on the change of the unitarian and centralist French Union and on local self-government) were never implemented in practice, while the parliamentary mechanism became the prey of the political calculations and combinations of the ruling parties which was outwardly manifested *inter alia* in the continuous parliamentary instability and government crises.

The constitutional mechanism of the Fourth Republic was complicated still further by the new problems and phenomena which characterize the socio-economic and political life of France since World War II to date. The vigorous development of the USA and the USSR, the change of the political map of Europe, Asia and Africa, the upsurge of liberation movements, began undermining the old colonial system which was at the time of the Third Republic a prime factor of French economic and political stability. The workers class became an increasingly important economic, social and political factor but its actual political expression in the government machine and political life bore the imprint both of the internal contradictions of French society and policy as well as the political division of the workers class and the situation in the international labour movement in general during the past ten years. The former political mainstay of the bourgeois democratic republic — the Radical Socialist Party gradually disappeared in its own political disintegration, especially in the process of disintegration of the former liberal and radical bourgeoisie. This all led to a socio-economic and political „crystallisation“ of the country, notwithstanding the actual economic and technical progress made by the enterprising Frenchmen and the unflagging endeavours of the broad masses to acquire a progressive, creative and dignified internal and international policy. In this way „official policy“ was isolated from the genuine relationships and aspirations of the people, and no strong democratic and progressive formation appeared which would put forward and implement the new democratic policy which would correspond not only to the defence of the republic and its change towards a more genuine democratic government but also to the true national interests of the country. Apart from

the resurgent reactionary elements, new movements appeared which enlisted various mactonts backed by the supporters of "strong arm policy" and the revival of the old French might whose fascist ideology become increasingly obvious. This resulted at the same time in a relative rift between the official political authority and the army, which began assuming the leadership of it own movement thus depriving the legal and traditional system of the French bourgeois republic of one of its mainstays.

Under the circumstances, the legal, political and constitutional order of the Fourth Republic began tottering during the past few years, becoming an instrument of the political forces which were losing ground in the political balance of power and which sought a solution of the problem in a smug conservative policy. These forces were unable to grasp the problems in a changing world, being lost in a welter of uncertainty, deliberate blindness and play with force where it no longer existent. Hence the first attempt to apply force by those who wielded it only partially marked the end of the Fourth Republic.

De Gaulle's advent really marked the end of the Fourth Republic and its constitution is a historical document which is only formally effective. The social and political forces which support De Gaulle, are attempting to find a new mechanism of rule which they wish to sanction also by a new constitution.

II.

The new draft constitution has been drawn up and published, although it is still not definite. The new fundamental law is brief and consists of only 77 concise articles. It differs from the classical French constitutions and even the 1946 constitution because it is primarily of an organic, and not of a principled and declarative character. In a certain sense it is what the French call an organic law: a law dedicated to the status, rights and relations of the highest organs of authority of the country. Apart from several brief and declarative provisions on loyalty to the Declaration on human and Citizen Rights of 1789 and 1946, the principle of the sovereignty of the people and the supremacy of ratified international treaties over national law, the entire constitution is dedicated to the solution of two problems which dominate in contemporary French political life. The first refers, according to official terminology „to the political system and presence of the state" and the second refers to the framework and structure of the relations between France and its so-called overseas territories, namely Algeria and equatorial Africa, and in a certain sense Tunisia and Morocco.

The greater part of the constitution is devoted to the solution of the first problem. This solution consists in the farreaching changes of the previous highest political institutions, and especially the relations between the executive authority and parliament. In point of fact, a vital characteristic of the new constitution consists in the abolishment of the traditional parliamentary system and the introduction of a special organization of authority which is neither presidential or governmental, least of all parliamentary. The essential feature of this system consists in the decisive constitutional and political status of the President of the Republic, the curtailment of the traditional prerogatives of the parliament as a legislative body, while retaining certain vestiges of government responsibility before parliament. The institution of the President of the Republic was retained as in the traditional French republican regime, but acquired greater authority especially greater powers than the President of the USA himself.

A two house parliament was also retained as in the traditional system but its status is essentially different than that of the assembly and senate during the Third and Fourth republics. In this sense, parliament is retrogressing, to a period of imperial and monarchist constitutions. A government was likewise retained as in the traditional republican system, but this is no longer a government as the exponent of execu-

tive authority but rather a cabinet of the President of the Republic. The principle of political responsibility of the government before the parliament has also been retained. But this authority of the government which no longer derives from parliament is only reduced to a single procedure, considerably complicated and specific, of giving consent to certain political decisions and laws proposed by the government. In this way, parliament is deprived of its classical instrument of influence and control of the government which is known under the term of "confidence". This instrument, even the very term for it, disappeared from the French constitution.

Based on such a conception of the organization of supreme authority which is not ideologically new, as it has been formulated in a series of past and present constitution, and specially the constitutions brought in the individual countries of central and eastern Europe from 1930 to the victory of fascism, the French constitution primarily and most clearly deals with the problem of the position of executive authority and primarily the President of the Republic as its exponent. The President of the Republic is not only the chief of state and supreme commander of the armed forces. By his general status, the President rose to the rank of the supreme and only political and constitutional arbiter, and even champion and guardian of France as a nation and state. "The President of the Republic", it is stated in Art. 3 of the Draft — sees to it that the Constitution is respected, and assures by his arbitration the correct functioning of public authority and the continuity of state; he is the guarantor of national independence, territorial integrity, the respect of contracts and federal agreements. Consequently, the President is invested with a series of genuine and decisive powers. He is the real head of government, not only to a greater degree than the British Prime Minister but also more decisively that the US President himself. He presides over the government sessions, nominates the prime minister, and appoints and discharges the individual ministers at his proposals. He signs Decrees and ordnaances, appoints all the higher important civilian and army officials, gives amnesties, holds international negotiations and ratifies international agreements. He is completely independent in his relations with parliament and generally freed of all responsibility for the discharge of his functions, apart from being accountable to a specially foreseen supreme court of justice for the act of grand treason. (This court is also competent in case of treason or plots on the part of the ministers). It ensues therefrom that the President is not elected by the parliament or people. He is elected by a special electoral body which consists of both houses of parliament and the members of the council of the individual "departments" and assemblies of overseas territories, as well as certain delegates of the municipal councils nominated. The President communicates with parliament by means of messages which may be subject to debate. He may at any time „after consulting the prime ministers and speakers of both houses of parliaments „dissolve the first house, namely the national assembly to which the government is „responsible". Apart from this, legislative proposals are made by the government which is invested with special powers during the respective debate in parliament. The President promulgates laws. But this is not only a declarative act. He may ask for a compulsory debate in parliament on a law brought or its individual articles. He may „upon the proposal of the government or both houses "put a given legislative project to referendum (Art. 9 of the draft). The President is authorised to ask a new political legal body, the so called "Constitutional Council" to assess the constitutionality of a law brought by parliament. Last, the greatest power of the president of the republic is formulated as follows: „If the institutions of the republic, national independence, territorial integrity of the fulfillment of international obligations are directly or seriously threatened, the President of the Republic undertakes the measures required by the emergency after hearing the prime minister and house speakers.

These measures should be inspired by the wish to assure the maximum promptness and efficiency of public authority in the discharge of its functions. These powers by far exceed the well known right to bring „Emergency Decrees“ invested in the President of the Reich under the Weimar Constitution. Such powers would be extremely broad even if there were no direct transfer of power to the President. In any case the President may assume all powers of parliament but cannot abolish or even dissolve it (it is stated in the final provision of Art. 14 of the draft that „Parliament will convene when the circumstances permit“). Irrespectively however, this is the greatest and most sweeping power ever conferred by a constitution proclaimed by a republican and democratic system.

The role and significance of the President of the Republic are enhanced still further with regard to the constitutional provisions on the government and especially parliament. The Government has its premier and minister. The government in the broader sense of the word, headed by the president of the republic „determines and pursues the policy of the nation and disposes with the administration and armed forces“. The prime minister is the supreme minister, but the government is the highest organ of administration, but not as a political factor. The prime minister is rather the assistant of the President of the Republic for the direct management of government affairs. The prime minister is concerned with the fulfilment of the law and decrees and brings the regulations falling within the scope of government competence. In some matters he may also deputize for the President of the Republic. The status of the other ministers is also fairly vague. But it is understandable that they are primarily the highest officials and chiefs of administration, as the government is neither the English Cabinet nor the executive organ of authority of the parliamentary type. This is confirmed by the principle that ministers cannot also be members of parliament at the same time.

Parliament consists of the National Assembly and the senate. On the whole the composition and status of both houses correspond more to the constitution of the Third than of the Fourth Republic. The Senate retained some characteristics of the Republican Council from the 1946 Constitution especially with regard to the final bringing of laws in case of dispute between the houses and the implementation of the remaining political responsibilities of the government. The National Assembly has a decisive role.

Apart from the reduction and loss of its political and controlling function ,the legislative powers of parliament have also been curtailed to no little extent. Only laws on public authority, civil laws, the criminal and civil code, and the principles of higher education and labour fall within parliamentary jurisdiction. Parliament also brings the budget, but the budget law is not in its exclusive competence. If delaying too much in the bringing of the budget, the parliament is deprived of this right, and the budget is brought by government decree.

The powers of the government and President of the Republic are also broadened by the fact that all other matters except those mentioned can also be settled by decrees. The right of parliament to bring amendments is also limited, as the government may ask that exclusively its own amendments be put to vote. The political responsibility of the government is reduced to the fact that the prime minister may ask the approval of parliament for the programme or political declaration of the government. If there are no proposals for censure votes it is considered that the Prime Ministers proposal has been accepted. In the same way, the parliament may also propose a vote of „censure“, which may be submitted only by one tenth of the deputies, and only votes in favour of the proposal are counted. A motion of „censure“ is accepted only if it receives absolute majority in parliament. The vote of censure accepted automatically

entails the resignation of the government to the President of the Republic who then names a new government.

The draft constitution provides for the maintenance of the economic and social council as an advisory body of the government rather than parliament but does not provide for the previous „Council of the French Union“ as it states that the overseas territories may be represented also in the senate. The Constitutional Council is not a constitutional court but a legal — political body which is competent to control the most important elections and declare itself on the constitutionality of the laws. This Council to a certain extent supplements the specific mechanism of the presidential system and should maintain the constitutional equilibrium between the President of the Republic, the government and parliament.

The crucial problem of the political system of the former French Union has not been settled by the new draft Constitution. The complexity and relative political immaturity of this problem required a large degree of caution. Hence the constitution only lays down the basis and framework for its solution and in a fairly vague and even Sybilline manner. The possibility was given to the previous overseas territories to remain what they were under the 1946 constitution, to become French administrative departments, or to enter in a kind of federal relationship. The possibilities of creating a „community of free peoples“ between the federation and independent states (of a confederate or commonwealth type) has also been foreseen. The formation and political structure of the federation and confederation have been left to the future agreements. The constitution only provides that the President of the Republic should also remain the President of the Federation and that the composition and status of other organs of the Federation (executive, representative and judiciary) will be defined by special laws. In the same way the constitution provides that the rights of the federation should cover foreign policy, economic and financial common policy ,the exploitation of strategic raw materials, the control justice and higher education.

The new French draft constitution will be submitted to a national referendum on September 28, 1958. The modalities of this referendum have still not been defined precisely, this being particularly important for the effects of the non-acceptance of the constitution in the overseas territories, including Algeria. Needless to say, this may have a certain decisive importance also for the fate of the constitution itself on French territory. The result of the referendum cannot be foreseen today ,although it is certain that the struggle for its acceptance or rejection will be fierce and vigorous, as it is both the creation of a new constitutional machinery and the turning of a fresh political page in French history that is involved. The constitutional mechanism foreseen for the regulator of the system of authority and the structure of relations between France and the peoples with which she is maintaining various international, political and administrative ties, marks the more or less complete abandonment of a series of vested and classical principles and institutions of the French bourgeois republic, and is also pregnant with numerous difficulties, uncertainties and dangers. Directly contemplated the Constitution bears the imprint not only of the conception, but also the conceived role of one man — General De Gaulle. Consequently, it is rather the instrument of authority which should assure that even year rule of a man seeking confidence to resolve the crisis of what is commonly referred to as the „French System and Order“ in the broadest sense of the word. This crisis is a result of a series of deep contradictions and difficulties, however, which cannot be resolved by a constitution. Unfortunately the new French Constitution which will be submitted to a referendum at the end of September is concealing and ignoring this, and to no little extent. Apart from this, such movements and political forces are sought for the implementation of the new constitutional system which will adopt the ideology and pro-

gramme underlying the draft constitution. Judging by the Constitution itself, this ideology and programme are radically abandoning those conceptions of political democracy and the republic which inspired the French people in the past to the performance of lofty, bold, and creative deeds. The number of votes „for” and „against” the referendum will depend on the attitude of the majority of French citizens towards this critical and fateful political dilemma. However the referendum and even the eventual adoption of the new Constitution itself will represent only the beginning of the solution of numerous economic, political and other

problems. The whole world, and not only France, have only to gain if this great country acquires a stable, independent, progressive, creative and active policy and political system, unselfish, and creative national forces will take part directly. That it is possible to bring about a new and better political organization of France can also be seen from the fact that the new constitution itself, has at last declaratively stressed that „liberté, égalité, fraternité”, remain the slogan of France, and that its guiding principle is „government of the people, for the people and by people” (gouvernement du peuple, pour le peuple et par le peuple” Art. 1).

LIBERATION OR CONSTRUCTIVE ORGANIZATION

THE PROBLEM OF EUROPEAN ECONOMIC „UNIFICATION”

By T. BALOGH

I.

(1) In the period 1944–50 one of the most acute disagreements among British economists was on the question of 'regional blocs'. The traditional 'free(r) trade' view was that the discriminating policies which such organisation implied — either monetary or commercial — were contrary to the national interest, since they reduced productivity. As against this a few authors, including Sir Hubert Henderson and myself pointed out that the need for large-scale readjustment would be impeded by the restoration of free markets, and, in addition, that the dynamism of the U. S. economy was likely to recreate periodically the need for such large-scale adjustment. Only a large regional bloc comprising at least the Sterling Area and possibly Western Europe and its dependencies would offer a chance of creating the conditions for large productive units to arise spontaneously which would be capable of meeting U. S. competition on equal terms. I still hold the view that the emergence of such a regional economic bloc is essential if Europe is to meet the threat implied in the rise of the two giant continental economic systems.

(2) After the 1947 crisis the U. S. A. ceased to press for the implementation of the universalist solution embodied in the Bretton Woods Agreements. Veering to the other extreme it promoted and granted aid under the aegis of O. E. E. C. for a discriminatory common planning of Western European investment. As production was still at a low ebb such a co-ordination of investment could have been made effective without actually bankrupting existing firms. Britain was then in a dominant position in Western Europe such as she had not enjoyed since the late 1880's. She would therefore have been the main spontaneous beneficiary of the creation of such a bloc. It would, of course, have been morally and politically imperative to channel investment towards the poorer members of the new unit. Nevertheless there can be little doubt that if Britain had acted at that time, she could hardly have failed to strengthen both her relative and absolute position.

(3) This conception founded on the determination of the Treasury and the Bank of England to return

towards the 'normality' of the free price mechanism by as rapid a decontrol as possible. The O. E. E. C. mechanism was never used to plan for Europe just as the Sterling Area was not organically developed. The consequence was a series of post-economic and balance of payments crises. This in turn enforced — as all direct controls were disappearing — an increasing reliance upon dear money and the credit squeeze to buttress the short-run position of the pound. But, as an expansion of investment and an acceleration of the increase of productivity is the sole way of restoring balance without having to sacrifice economic progress, this policy in the longer run is suicidal.

(4) Having resisted common European and Commonwealth planning at a time when Britain was economically dominant in Europe it is now proposed to join a Western European economic bloc on the basis of free trade. In this paper I shall confine myself to showing

- (a) that the rapid development of Germany has created a problem for the Western European area superficially similar to, but basically more dangerous than, the dollar problem, i. e. the impact of a higher dynamism within a region on the rest of the system. In so far as the German economy is similar to ours and does not create special problems for primary producers, its impact on us is much greater and will manifest itself in a steady pressure on our terms and balance of trade.
- (b) that our bargaining power in this matter is not as weak as has been suggested by a misreading of relevant statistics; and that in our resistance to German economic hegemony we should have on our side the weaker and smaller countries in Europe.
- (c) that that bargaining power should be used, not indeed to prevent the formation of a European Bloc, but to secure its transformation into a positive organ of expansionist planning.
- (d) that this implies, first the loosening of the European Payments Union, preferably by creating a common Central Bank; secondly the channelling of investment towards the areas of slower growth in order to achieve balance by expansion and not by deflation;
- (e) that the danger for Britain is of an imposed deflation — rather than of inflation, and the suggestion

that this could be avoided by adopting a floating rate of exchange is mistaken; it would instead ruin Britain's capacity to remain the banker of the Sterling Area and largely vitiate the purported aim of the 'Free Trade Area'.

II.

(5) The basic reason for the relative weakness of Britain was, and remains, the failure to invest.¹ The essential facts are simple: in most of the important countries of the proposed free trade area, except Germany, gross investment is well below 20 per cent of the national income, with net investment around 10 per cent.² In Germany the ratio of gross investment to gross national income was around 28 per cent and net investment to net national income 15 per cent, almost twice as high as the corresponding British figure for 1955. Thus German investment in manufacturing industry in absolute terms rose above the British level from RM 6.0 b. in 1950 to RM 10.0 b. in 1955 as against L 500 m. to L 890 m., and investment in metal industry (which increased from 32 per cent of the total in 1950 to 56 per cent in 1955, while ours rose only from 36 to 42 per cent) increased far above it. Germany overhauled Britain in the output of steel, cement, bricks, motor-cars, machine tools and other vital products. Moreover, German productivity in the past three years has been increasing at the rate of over 6 per cent and this increase has not radically slackened yet. It permitted an increase in German money wages of roughly 4 per cent without a perceptible increase in German living costs (4 per cent since 1954); thus German real wages rose at nearly the same rate. In contrast to this, British money wages rose 6 per cent in the same period, a large part of it being wiped out by a rise in prices which amounted to over 10 per cent.

It is not surprising, therefore that Britain's relative competitive power declined; German exports rose from \$ 2.0 billion in 1950 to \$ 6.5 billion in 1955 while British expanded only from \$ 6.3 billion to \$ 8.5 billion. The discrepancy in the expansion in the field of durable consumer goods was even more marked: German exports in the last two years increased by 50 per cent; ours remain practically unchanged. German monetary reserves — which were practically non-existent even as late as 1950 — at almost \$ 4 billion are now the second largest in the non-Soviet world and more than 50 per cent above ours. This tremendous hoard was accumulated despite the millions paid out by Germany in reparations, reparation of claims and assets, foreign loans and premature repayment of debt.

The problem raised by the more rapid growth of the German economy cannot be met, of course, simply by maintaining or increasing our own protectionism. It is, like the problem of America on the larger canvas of the whole non-Soviet orbit, a *cumulative* problem which

cannot be met by *once-for-all* measures. Unless the basic British situation is remedied there can be no hope of being able to maintain an increase in the British standard of life commensurate with the expectations which have been raised. The problem which has to be discussed in this context is whether the establishment of a 'free trade area' will or will not increase the difficulties, which are in any case very great, in the way of a rapid acceleration of British investment. To that problem we shall now turn.

(6) The whole of our post-war history has been dominated by our balance of payments problem. Despite assertions to the contrary, every wave of liberalisation has been followed by a severe balance of payments crisis which entailed severe retrenchment. Retrenchment and deflation, unfortunately, can hardly fail to depress investment, and thus it could be argued that liberalisation has not merely eased our basic problems but it has made them insoluble since it prevented attempts at transforming Britain from a low into a high investment country. So long as this remains unchanged it is inconceivable for Britain to hold her own either in Europe or in third markets with the increasing competitive power of Germany.

i. The establishment of a Free Trade Area would tend to increase our imports. No doubt, the liberalisation will also stimulate our exports. But Britain is a relatively high tariff area and it is by no means certain that the relaxation of tariffs all round would stimulate our exports as much as it would stimulate imports. A similar (though not identical) problem is that the freeing of European non-agricultural trade from tariffs is likely to increase the swings in the balance of payments. Any increase in the swing however, would, with the gold reserves as low as they are, entail a harsher reaction at home than would be needed with a smaller relative volume of trade.

ii. A relaxation of all control over imports from the Free Trade Area would in the end necessarily entail a relaxation of discrimination against dollar countries. Dollar imports in the most important countries of the prospective Free Trade Area are already largely decontrolled and, if for no other reason, than the difficulty in coping with re-exports, this would entail a progressive adaptation of our liberalisation to that of the least restrictive important foreign country in the Free Trade Area. Otherwise, the re-exportation by these countries into Britain of dollar supplies would represent the reverse of our supplying dollar raw materials against sterling payments to the Continent. It will obviously weaken the situation of the bloc as a whole against the dollar and, unless E. P. U. is adjusted, weaken our position *vis-à-vis* the Free Trade Area.

iii. In this connection it should be noted that according to the continental plans the reimposition of import controls, even in accordance with G. A. T. T., will be prohibited. But even if they were not, it would be very difficult to impose them so as to ensure that members of the Commonwealth should not be treated worse than the members of the Free Trade Area, and at the same time that the Free Trade Area should not treat us worse than it treats any other member. If, in addition, the difficulties are taken into account which any discrimination in favour of these two groups will entail

1 I have analysed this problem elsewhere (*Review of Economics and Statistics*, 1957). The same, of course, applies even more forcefully to poorer areas, e. g. Italy, Greece, Turkey. Yugoslavia, with its Socialist structure, could face the problems more confidently but she will also have to rely on foreign help to increase her investment rate sufficiently.

2 Norway, Finland, Austria and Switzerland achieved about the same ration of investment as Germany.

in our relations with the United States and Canada, the conclusion is hardly escapable that the establishment of a Free Trade Area will render the framing of a sensible commercial policy more difficult.

iv. It should be noted that liberalisation all round has not always worked in our favour. While this should not come as a surprise to those who realise the importance of a relative increase in productivity for the balance of payments, it is a fact which has been studiously neglected. Exports to the Dollar Area have increased by more than a third since 1950, while the liberalisation of imports into Europe has only had the result of increasing our exports by 15 per cent. Now there is no doubt that the German problem will present a very much harsher choice to Britain. If our balance of payments cannot be influenced by any direct means we shall have to fall back on either a depreciation of sterling or an even sharper use of bank rate, or on increasing budgetary surpluses.

v. I shall deal with fluctuating rates of exchange presently. In this context I merely wish to point out that an increase in interest rates has a devastating effect on the assets of the poorer Sterling Area members' investment at long term and will stimulate repatriation of their reserves at least as fast as the assets mature, i. e. stimulate an indefinite drain on sterling. This will react on the London monetary position and reinforce the demand for still higher rates of interest.³

vi. Dear money, even if reinforced by direct credit control, has only limited effect on investment or even on stocks, so long as full employment is maintained. Its effect is counteracted by an appropriate shift in the distribution of income. At the same time, an atmosphere created by a continuous upward trend of interest rates is not one in which a rapid expansion of investment is probable. I feel, therefore, that a policy which excludes direct control of the balance of payments will under these conditions steadily force us into direct nationalisation, since tax measures combined with a budget surplus, which would be an alternative, would also discourage investment unless they were to fall more heavily on the poorer classes.

(7) It could be argued, of course, that even if these dangers were considerable the danger of remaining outside the Free Trade Area would be much greater.

Two points need to be made in this context:

- (a) Britain remains practically the only market for certain higher value types of agricultural produce. In the longer run, when German consumption, and her imports of these classes of goods, will increase, this bargaining⁴ power might weaken. But at the moment it is still strong.

It is further increased by the fact that the European export surplus to this country is used by Europe to offset her large adverse balance of payments

³ The blocking of the Egyptian sterling balances has already weakened confidence in London as an international banking centre, from which it will find it difficult to recover in any case. Any further inimical measure against creditors would be fatal.

⁴ The importance of this factor was demonstrated in the 1930's. Conversely, in the immediate post-war period this shortage of food, etc., increased the bargaining power of the producers.

with the tropics, the overseas food and raw material supplies, and, above all, America. Part at least of Britain's dollar problem has been caused by the steady re-export of dollar commodities against sterling payments to the Continent of Europe whose dollar problem has been solved, so to say, on our backs. The fact that London reaped a trifling commission⁵ out of this steady drain of our economic strength does not detract from the importance of this service to the continent.

We could, therefore, hope to bargain very effectively with Europe when it comes to establishing a common tariff against our exports to Europe. This, added to the consideration that the new tariff area is hardly likely to be a high tariff area, very much weakens the argument that our exclusion would be fatal.

This does not mean that we should use our bargaining power to wreck the scheme or to contract out at least cost to ourselves. It does mean that we can and should insist on a modification of the scheme which would render it less risky and more hopeful for a full development of European productivity and competitive power.

- (b) The second point concerns British relations with the Sterling Area. It is, to say the least, a curious fact that the very people who have always minimised the advantage to Britain of the existence of the preferential treatment of our exports in the Sterling Area and in E. P. U. through the existence of discrimination against dollar exports in E. P. U. or against both dollar and European exports in the Sterling Area, should suddenly see a deadly threat to our exports to Europe if preference is given to Germany or France by the rest by abolishing tariffs.

Yet it is unlikely that the tariffs in the common market will be much higher than in its low-tariff components, i. e. Germany or Benelux. This would mean the institution of, say 20 per cent on the average by the rest of the area. The policy of liberalisation has meant the loss of a very much higher preference in the Sterling Area against Germany and the U. S. or against U. S. exports in the E. P. U. area. Yet advocates of free trade not only tolerated the systematic attack on our competitive position in the Sterling Area implied in the policy of liberalisation, but positively initiated and encouraged it. They fell into the illogical attitude of some American economists who favour 100 per cent preference yet oppose anything less drastic and thus (from the same misguided⁶ theoretical point of view) less damaging.

No doubt, if present policies continued, the Sterling Area will be doomed to dissolution. But any measure which would reverse this trend could still secure important advantage for our exports in an area which takes more than 50 per cent of our exports and provides as much of our imports. Yet any measure which opens the British market to European competition necessarily weakens the coherence of the Sterling Area. It makes any special concession which we could make to Sterling Area purchases, e. g. through bulk purchase agreements, less possible, as such agreements could render our producers less competitive than those in other parts of Western Europe with free access to our markets. Conversely our ceasing to grant preferential treatment to Ster-

⁵ This fact might to some extent explain the steady support of the City for the policy of convertibility.

⁶ Cf. e. g. J. Viner, *Customs Union*.

ling Area producers will render Sterling Area countries less willing to grant us a privileged position as against, say, Japanese or German or even American competition. This process has gone some way since we discontinued bulk purchase agreements, etc., to the Sterling Area producers.⁶ This has impoverished primary producers and our exports equally suffered by cheaper competitors. If the Free Trade comes into being, manufacturers from the Commonwealth will suffer from the suppression of their preferences. In some cases European producers will be preferred by a complete suppression of all tariffs while Commonwealth supplies remain subject to duty. Thus the net immediate effect on our production of the entry into a Free Trade Area must be measured.

- (a) by the increase in our exports which would not have occurred had we not become members, minus the excess of imports, due to the same cause;
- (b) the relative decline in our exports to the Sterling Area due to the same cause; rated as a result of our entering an organisation less
- (c) the increase in dollar imports which has to be tolerated as a result of our entering an organization less discriminating against the U. S.

It is not at all certain whether this immediate gain would be positive.

(8) It can be argued, however, that even if there is no immediate gain in the long run, the increase in productivity of all members of the new Common Market, and/or Free Trade Area, would more than offset all losses or other considerations. The Free Trade Area would provide a large enough market to increase the efficiency of European industries by rationalising production. I do not wish to press the point that Britain is already (at any rate so far as most industries are concerned) a sufficiently large market to provide outlets for optimum-sized productive units. There is no doubt that the oligopolistic tendency which limits rationalisation and tends to bring about quality differentiation has very much increased the minimum size of the market in which (despite the prevalence of oligopoly) units could be expected to arise spontaneously of a size capable of meeting America, and later Russia, competition on equal terms. I wonder, however, whether the merely negative act of opening national markets will be sufficient to achieve this end. We have been asked to believe that a whiff of the grapeshot of competition would be healthy for everybody. But has it worked out that way? It is interesting to observe that our exports to America have increased relatively more than those to the O. E. E. C. countries, even though trade with O. E. E. C. was liberalised more than that with America. Nor did the liberalisation in the Sterling Area seem to have brought about the regeneration which was hoped for. We lost trade to outside competitors in the Sterling Area, and Sterling Area producers lost markets in Britain.⁷

In the end, there has been ever since liberalisation a tightening of the capital market, only temporarily interrupted by the windfall improvement in the terms of trade in 1953. Is it likely that in conditions of dear mo-

ney and harshness, uncertainty and violent competition with a better situated Germany, British investment will expand so as to create large-scale industries in Britain which are needed if Britain is not to be submerged by Germany within and without the free market? 'European' production might well 'benefit' with Britain suffering absolute decline. After all Naples joined Milan in a free market in 1860, and the merger wrought nothing in 100 years but destruction to her industries.

(9) This does not mean that we should oppose joining a Western European Organisation. But it does mean that we should be foolish if we joined without very special safeguards for our freedom of action in certain circumstances, and without seeing to it that the new Organisation will permit an expansionist solution of our problems, including the problem of maintaining the Sterling Area. Before I discuss what I would regard as the minimum safeguards for Britain, I must dispose of two problems which are closely connected with it.

(10) The first concerns the adoption of a fluctuating exchange rate. Some writers accept that a problem of short-term readjustment exists, which might be sharpened in extent by, and vitiate the beneficial long-run effects of, the 'New Deal for Europe', but they maintain that permitting sterling to 'flat' freely would solve all these problems automatically in an expansionist sense. Nothing could, in my opinion, be further from the truth. Unless our inferiority in investment is cured, or our Trade Unions suddenly lose their bargaining power, a floating exchange would mean an exchange floating steadily downwards. As German relative competitive power increased, sterling would be under constant pressure. Two consequences follow:

(a) In the first place, an anticipated downward trend in the pound would render rationalisation through standardisation and mechanisation in our export industry unnecessary — the readjustment would take the shape of a change in relative real wages, in the case of devaluation in an appropriate cut. True enough, after a time it would result in a futile struggle for higher money wages⁸ and lead to a repetition of the vicious circle of depreciation. But in the meanwhile precious time for a basic readjustment would have been wasted. Devaluation or a floating pound, like tariffs, does not deal with the fundamental weakness. To deal with that weakness, and at the same time to increase overall productivity in Britain and in Europe, a grosso modo reorganisation of the productive structure is required. Fluctuating exchange rates (if effective at all) bring about small readjustments, shifting the limit of what is and what is not exported (and imported). They prevent the benefits due to productive reorganisation, the pretended reason for accepting the 'Free Trade Area', from ever being achieved. The proposal is a flagrant example of the muddle resulting from the superimposition of a naive monetary theory on an equally naive 'real cost' thing without attempting to fuse the two through applying a Keyncian approach to the problem.

(b) In the second place any anticipated depreciation of the pound would certainly ruin the country. Bri-

7 Cf. Below (8).

8 The fact that Australia, India and some other countries are continuing or beginning their industrialisation does not detract from the fact that they are still more complementary to Britain, and are likely to remain so, than any of the countries of the proposed European union.

9 Cf. Mr. Dow's brilliant analysis of the interrelation of import prices and cost inflation. *Oxford Economic Papers*, October 1956.

tain is a large-scale debtor, and the slightest suspicion that a fixed rate is not going to be defended will bring about a liquidation of foreign reserves in London. The depreciation through dear money of the assets which the Sterling Area countries (often compulsorily) had to invest in these reserves has already severely shaken confidence.¹⁰ A policy which at least makes their further depreciation in terms of real value likely would destroy what is left. Thus a floating pound does not represent adequate safeguards for Britain.

(11) The second problem is raised by those who hope to safeguard the future of this country by negative safeguards, i. e. by retaining the right of imposing quantitative import and also exchange controls. As far as the latter are concerned they should raise not much difficulty that any negative safeguards must be framed to the feared measure. But they are (in so far as they concern only capital movements) at least not at variance with the essential aim of the policy which is to obtain economies of large-scale production.

The possibility of re-imposing quantitative controls, however, is a different matter altogether. If import quotas are permissible no-one would take the risk of planning investment on a scale which needs the whole of the area for profitable operation. Thus we must conclude that any negative safeguards must be framed to become operative only after every effort to promote an expansionist solution to the balance of payments problem has failed. Otherwise the Free Trade Area scheme will only create uncertainty without (in a number of cases at least) contributing anything favourable to European revival and increase in productivity. Thus some limitation on sovereignty will have to be accepted. An entry into the Free Trade Area, if it is to have any favourable impact on productivity, must be non-reversible, otherwise no-one will invest in rationalising production. This means, however, that safeguards to protect national economies from the impact of intra-Free Trade Area competition must be very carefully planned. For this reason it is essential to secure positive safeguards that the re-imposition of controls will not become necessary. Yet in the Ministerial speeches concerning our entry into Western Europe nothing was said about this vital matter.¹¹ This omission is so strange that it led some observers¹² to surmise that the surge of support for the Free Trade Area scheme in Britain can only be explained by the wish to preclude any Government in Britain from being able to restore direct planning and controls. The explicit prohibitions and implicit inhibitions of the scheme would be sufficient to guarantee a maintenance of the present status of economic 'freedom'. It is probable that this speculation is without real foundation. What is more likely (but not at all less dangerous) is that the authorities still do not realise the nature of the complex problems created by the faster growth of Germany and cling to the futile hopes of a simple-minded theory of the benefits of free trade. The profit motive of financial circles is a further, hardly less important, reason for the continued *malaise* of British policy. It is sometimes argued that it is inflationism

rather than deflation which has to be guarded against. Contemporary history does not bear out this view. In all Western countries the rise in the cost of living has become the most potent weapon to fight the Government. Both in Britain and in U. S. it was a decisive reason for the fall of administrations which had been exceptionally successful in maintaining employment and increasing real income. On the other hand persistent export surplus areas — especially Germany and the United States — have in the last five years pursued monetary policies which in the pre-1914 days of the undiluted gold standard would have been thought more appropriate for countries in heavy deficit. The result was to slow down output everywhere in the West — much to the detriment of our capacity to meet the Soviet challenge.

(12) What, then, are the safeguards which we should strive for?

(a) The expansionist solution of intra-European balance of payments difficulties has a short- and long-term requirement:

i. The E.P.U. scheme must be reformed so as to decrease the likelihood of intra-European debit balances necessitating harsh deflationary action in any important country. Ideally, an E.P.U. Central bank should be established which could at discretion discount bills for the debtor central bank in case of need. Alternatively, a much smaller rate of intra-European gold payments should be reintroduced with wider credit swings, instead of the present uniform gold percentage of 75 per cent of the monthly balance. It is obvious, however, that debtor governments cannot contemplate accumulating deficits to an unlimited extent. The causes of the unbalance must be tackled at their source. In order to facilitate this:

ii. an investment board should be formed with borrowing powers (very much like the Coal and Steel Community) which would help debtor areas by positive investment projects. This would not only wipe out deficits but also would increase capacity where it is most needed and thus readjust the basic competitive position of the member countries and achieve the basic requirements for long-term equilibrium. Incidentally, the fact that such an investment board is established would powerfully counteract the increase in risk of intra-European investment to which liberalisation would inevitably lead.¹³

(b) There should be a careful definition of permissible reexports to avoid the danger of being forced to liberalise against dollars.

(c) The member countries should retain the right of subsidising key industries as under G.A.T.T.

(d) Member countries should be permitted to maintain exchange control against panic flights of capital.

(e) Member countries, in addition, should be able to take fiscal measures to influence investment both so far as the total volume and its direction are concerned.

13 It should be noted that the attempt of O. E. E. C. to co-ordinate investment in Europe in this sense failed. This should not, however, be quoted as a case against trying again.

The attempt failed (despite some American pressure in its favour) because none of the participating countries believed that it would benefit. They should by now be wiser if sadder by the experiences since 1950.

10 Cf. above, p. 43 para. v.

11 Labour policy statements were not quite explicit on this point either.

12 Cf. *The Spectator*, Nov. 1956.

(f) The British Government must retain the right of maintaining more intimate connections with the Sterling Area apart from imperial preference. This in turn involves:

- i. the right to reintroduce bulk buying of foodstuffs and raw materials and to place long-term contracts; and
- ii. the working out of reciprocal trade agreements on the basis of increased British investment in the Sterling Area and the colonies. Without these the cohesion of the Sterling Area, which represents a preferential area of far greater importance than the Free Trade Area could conceivably be, would be jeopardised.

(g) Finally, and only in case these more basic means of maintaining a dynamic equilibrium should fail through

lack of cooperation, and with severe safeguards against vexatious restrictions, member countries should be able to enforce quantitative restrictions for balance of payments purposes discriminating against a persistent surplus country by common consent.

A positive proposal framed in these terms would transform the present plan, which is fraught with danger for all areas of slower progress than Germany, into a forward-looking plan of equalising prosperity through expansion rather than sharing misery through deflation. The British Government ought to take the leadership in securing for the slower developing areas the possibility of survival as industrial powers.

Letter from Abroad

GREECE AND THE CRISIS IN THE MIDDLE EAST

Leon MAKAS

Ex-minister of the Greek Government

AS COULD be foreseen to a certain extent, the crisis which broke out in the Middle East a month ago made a strong impression on the Greek government and public opinion. The sudden triumph of the revolution in Iraq (on July 13) and the landing of the US forces in the Lebanon and British paratroopers in Jordan (on July 17) which came as such a surprise for all who remembered the attitude of the State Department in the Suez crisis of 1956, these two events against the general background of increased tension between East and West, confronted Greece with three grave worries. At first we asked ourselves anxiously whether a global conflict is imminent, in case the reaction of Moscow to the US action be as dynamic as the action which provoked it. We feared, on the other hand, the effect of this crisis on the fate of Cyprus and the development of Greek-Arab friendship. Finally, there was the problem of the general Greek attitude towards the ever greater tension which threatened to provoke a clash between Moscow and London and especially Washington.

In order to be able to analyse these Greek reactions, it is necessary to distinguish them clearly at the beginning. The attitude adopted by Greek public opinion is instinctive and spontaneous, and obviously differs from the attitude of the Greek government which is far more cautious and reserved.

And as the crisis has become less acute after a months time, both Greek standpoints, that of the public opinion and the government are drawing ever closer, seeking to coincide. But it is certain that at the very beginning, the Greek official circles were surprised and bewildered by the spontaneous and unanimous outburst of feeling of the Greek public opinion.

These feelings are sincerely and profoundly pacifist. Greece emerged from an 18 year period of almost continuous hardship and trials, and therefore ardently desires peace which it considers a vital need. The progress made in nuclear

science and the prospects of their application which would be inevitable in the case of a new war have convinced the Greek people that their collective existence is at stake, and that under these conditions it should be avoided at all costs that Greece should become a rocket launching site, and hence also a target for the new bombs which threaten to destroy mankind.

Moreover, since some time already the Greek people are experiencing a deep reorientation and changes of feeling towards the west. The stubborn refusal of London to give the Cypriots even a remote possibility of exercising their right to self determination, the benevolent neutrality of Washington concerning the British colonialist attitude, the Turkish interference in this issue which is considered here to have been instigated by the foreign office and indorsed by the State Department, and last, the collective attitude of the NATO member countries in favour of the British imperialism towards Cyprus, — all this resulted in a feeling of a deep and bitter deception towards the west, and prompted them to seek the support they did not find among the western democrats elsewhere. As this support was extended among others also by President Nasser and the Arab peoples it is natural that a lively movement developed here in favour of the closest possible Greek-Arab political cooperation. The official visit of Archbishop Makarios to the great Arab leader several months ago and the unexpected trip of Foreign Minister Averoff to the Brioni islands, where symptomatic tripartite contacts were established between Greece and Presidents Tito and Nasser — these initiatives have wholly satisfied the Greek public opinion and strengthened it in its aspirations for a more independent foreign policy which would be less oppressive, and as independent and objective as possible.

It is therefore understandable that the Greek public opinion, immediately after the landing of US troops in the Lebanon and Jordan quite naturally declared itself in favour

of a policy of active and peaceloving neutrality, with regard to the seemingly imminent conflict. All the opposition parties openly declared themselves in this respect, as well as all the independent forces of the country, all the intellectuals, all associations, all the trade unions and what is most important the entire press including that of the government. Only the neutrality should not lead to the withdrawal of Greece from most cautious and best informed circles stressed that Greece the NATO, but that it inevitably confronted the country with the need of "re-assessing" its western policy for the purpose of reconciling "Atlantism" with "neutralism".

* * *

We would like to see the government embarking on such a course. The government however remained very reserved. Its attitude remains openly pro-American. The ties which link Greece and the NATO seem, in spite of all, to offer many advantages and are consequently indissoluble. Its hatred of communism renders it permanently distrustful of Moscow. The northern danger — Bulgaria — constitutes the basis of its defence policy. In spite of its marked coldness in the relations with Great Britain, because of Cyprus, and in spite of the tense relations with Turkey, for the same reason, — the Greek government is endeavouring to reduce the chinks in the Atlantic armour to the smallest possible degree. It persists in believing that the problem of Cyprus caused only a temporary interruption of the cordial application of the NATO, which will, as soon as the crisis is overcome, soon find their "indispensable" solidarity. This also explains why the Greek Prime Minister stated persistently: "Greece belongs to the West. We remain loyal to the West" before the outbreak of the crisis in the Middle East and at the moment of the departure of Foreign Minister Averoff for Brioni. This also explains why the crisis in Jordan and the Lebanon placed Greece in an awkward position. In point of fact the conciliation of wolves and sheep was in question — Atlantic solidarity and Arab friendship, military obligations and peoples rights, the solidarity of the drachma and dollar and the fear lest the dollar should drive the Holly Alliance too far. However, it should be admitted that the synthesis of all these contradictions was not at all easy, especially when the USA began showing their teeth. Thanks to Mr. Dulles, the State Department was no longer hemmed in by liberalist principles, so that the USA began speaking only from the positions of strong arm politics to all they referred to as "the danger of Soviet infiltration in the Middle East", thus speaking from the positions of a policy which associated them ever closer with Turkey. However, — as considered in certain official circles in Athens — perhaps this US-Turkish association will continue to strengthen, while weakening the Greek — US links at the same time if Greece proves stubborn towards the new dynamic policy pursued by Washington in the Eastern Mediterranean.

* * *

Fortunately, however, the latest events seem to be helping Greece to emerge from its dilemmas and impasses. The tension in this part of the world has notably abated during the past few weeks. The US administration has expressed the wish for the gradual withdrawal of its troops from the Lebanon. The special session of the UN General Assembly which took the whole matter in its hands, is becoming the site of more or less conciliatory tendencies which are perhaps not very far from leading to a general agreement. On the other hand, information received from highly reliable sources, hints at an extremely interesting and rapid change of the US political attitude, this time in favour of President Nasser and the Arab countries... It therefore seems that the web of Greek dilemmas is being untangled and that Greece will not be obliged to choose among its friendships.

It is not our business to criticize, or comment the US policy towards the Arab countries during the second half of

July, nor the apparent or genuine changes undergone by that policy in the light of what was proclaimed by President Eisenhower at the first session of the special session of the UN General Assembly. Is this new US attitude definite, or will be subjected to modifications, which will do away once for all with the causes underlying the crisis in the Middle East? We may only hope sincerely that it will be so. The Greek government will certainly be glad if matters develop in this way. And the Greek opposition will also welcome such an event on its part as the victory of common sense, peace and the principle of active coexistence.

However, the whole adventure will not pass without causing also a feeling of deep deception and regret in Athens. First because Britain has already availed itself of the "opportunity" afforded by the crisis in the Middle East in order to wholly suppress every hope for the liberation and even the democratization of Cyprus. And it is this fact, which will cause the cup of Greek bitterness to overflow and incite Greek public opinion to demand the revision of our Atlantic policy. It is to be deeply regretted that during the world crisis in which our country risked finding itself between hammer and anvil, our government, prompted by egoist motives, failed to assume the useful role of mediator between the West and the Arabs, thus abandoning it to others, who will derive advantages therefrom which normally belong to every "honourable mediator". Because in emergencies such as these, a reserved and fatalist attitude may certainly cause difficulties to the third party when the crisis is settled at last: this attitude is both negative and sterile and is also contrary to the wish for the pursuit of a policy of active peaceful coexistence, all the more so when some almost set off the conflagration in the immediate vicinity of the "third party"; needless to say, in such a situation the mediatory role of Greece could quite probably have yielded an acceptable and honorable settlement of the Cyprus problem as an award: this has not been done, alas.

Our New Contributors

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EXPANSION OF YUGOSLAV FOREIGN TRADE

Ivo BARBALIĆ

SEVERAL positive facts characterized the development of Yugoslavia's post war foreign trade. First of all, this trade grew from year to year, and in 1957 its volume was three times as great (index 320) as in 1947. The increases were not equal in import and export however. Imports grew faster than exports, both actually and relatively. Taking 1947 as a basis, the index of import in 1957 was 396 and of export only 242, which means that the trade deficit was increasing all the time.

Another positive fact is that the composition of Yugoslavia's export and import improved during the period under consideration. In 1957 finished products made up 26.9% of the total volume of export, while in 1947 their share of the export amounted to just 16%. Likewise, the export of semi-finished articles in the same period increased from 37% of the total export to 41.5%, and the export of raw materials decreased from 47% to 31.6%. These relative figures do not perhaps illustrate sufficiently clearly the importance of the increase made in the export of finished articles. For instance, the value of the export of finished articles increased from about 20 billion dinars in foreign currency in 1956 to about 32 billion dinars in 1957, i. e., by 60%.

In imports the tendency has been just the opposite. Raw material imports in the same period increased from 32% to 35.5% (this increase in 1956 amounted to 45%).

Throughout this period, export of industrial goods grew faster than that of agricultural products. From 1952 to 1957 the value of industrial export was doubled; it increased from 36 billion dinars to 72 billion dinars, while the export of agricultural products increased by only 60%, i. e., from 30 billion dinars to 48 billion dinars. The percentage ratio between industrial and agricultural export was 55:45 in 1952 and 60:40 in 1957.*

Yet another positive fact recorded was that industrial

exports were increasing faster than industrial production. In four years, from 1954 to 1957, the index of industrial production increased by 49 points and that of industrial exports by 59. We must mention, however, that this increase in the export of industrial goods was based on the import of reproduction and maintenance material, the index of which rose by 96 points from 1954 to 1957.

Furthermore, the destination of Yugoslav exports corresponded, to an ever greater extent, to the needs of the Yugoslav economy — though not completely, in spite of the fact that our overseas trade was constantly growing. In 1947 Europe absorbed 96% of all Yugoslav exports — Western Europe 40% and Eastern Europe 56%, while the remaining 4% went to other continents: Africa 2% and America 2%. In 1957 Europe bought 78.3% of the total goods Yugoslavia exported — Western Europe 51.2% and Eastern Europe 27.0%, and the rest was absorbed by other countries: North and South America 9.1%, Asia 7.4% and Africa 5.2%.

The policy of maintaining economic relations with all countries wishing to do so has enabled Yugoslavia to establish trade contracts with practically the whole world. At present Yugoslavia is exporting goods to 80 countries and importing from 78. In the future, too, owing to the composition of our industrial and agricultural production, the European countries will remain our chief trading partners, but although absolute trade with them is bound to increase (since Yugoslav foreign trade is growing), their relative share in our foreign goods exchanges will certainly decrease in favour of overseas countries. In the last few years the development of trade has tended towards an economically justified geographic distribution, but this trend, owing to political influences, will probably be disrupted again, as the results made in the first half of this year suggest.

Distribution of Trade
(in percentages)

	Exports 1955	Imports 1955	Exports 1956	Imports 1956	Exports 1957	Imports 1957	Exports 1958 (first half)	Imports 1958 (first half)
Europe, total	75	54	77	61	73.3	63	79.6	74
Western Europe	51	47	55	39	51.2	42	54.2	44
Eastern Europe	14	7	22	22	27.1	21	25.4	30

The abrogation of credit agreements by the Soviet Union and its failure to deliver certain quantities of important goods in regular trade will again result in an un-

necessary and unjustified decrease in trade between the two countries.

We have had a trade deficit and, consequently, an adverse balance of payments throughout the post-war period. This deficit has fluctuated, but, on the whole, it has kept increasing in absolute figures, from year to year. I shall not go into the reasons for this, because they are

* Agricultural exports include products from the 211-216, 127, 129 (plant fibres, hemp, small raw hides, wool, animal hair) and 313 production branches.

well known to all. From 1949 to 1957 the index of this deficit rose to 282. This absolute increase in the trade deficit does not illustrate the real state of affairs, because the volume of trade was much greater in 1957 than in 1949. In 1949 the trade deficit amounted to 47% of the total value of exports; it decreased to 41% in 1956 but jumped to 65% in 1957. This deficit is somewhat alleviated by the sums earned by invisible exports. The inflow of such sums is faster than their spending. In four years, from 1954 to 1957, the index of invisible exports increased by 116 points (more than twice) and the index of invisible imports by 56 points. In 1957 we had a positive balance in invisible exports and imports.

Although invisible exports are important as regards the balance of payments (and we must try to increase them), the exports of goods remains the chief way of earning foreign currency. Accordingly, the primary task of our foreign trade is to expand exports, which is made possible by increases in industrial and agricultural production. The fast growing imports of raw reproduction and maintenance material must serve as a warning; exports must be increased, not to cover increases in imports, but to decrease the balance of payment deficit.

Our country has concluded agreements on economic cooperation with a large number of foreign countries. Our industry has purchased production licences and is cooperating successfully with various European industries. In a number of cases, our industry has mastered the production of certain articles which we can export to the countries from which we have purchased production licences, and so cover our commitments arising from these licences. This, in the first place, concerns European countries.

The close cooperation of our industry, as well as our agriculture, with European countries increases our obligations, which cannot be met otherwise but by increased exports. And it is precisely by cooperation with more advanced countries that possibilities are created for greater exports of our goods. This has been best shown by our cooperation with Italy, which has become one of our chief trading partners.

Our cooperation with insufficiently developed overseas countries is of a different nature. Our country is in a position to extend technical assistance to such countries, and to participate in the development of their resources. All such countries are struggling with their balance of payment. This year in particular they are encountering great difficulties in marketing their products — mostly raw materials, some of which are imported by Yugoslavia. By cooperating with them in the economic field we enable them to market their products in our country, thus making possible the export of greater quantities of our industrial articles, primarily machines and other investment goods: ships, railway cars etc. Frequently foreign trade problems can be solved by triangular arrangements, which are useful for all concerned. Such arrangements concluded by our country some time ago have produced good results.

One of the main shortcomings of our foreign trade is that, owing to temporary benefits, we are inclined to give up too easily individual markets on which we are not too well established. Such acts might have been justified when the seller regulated market conditions, but now they are detrimental and we are beginning to feel their consequences. Economic cooperation must be based on lasting relations, it is only through such relations that we shall be able to find permanent markets for our products.

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YUGOSLAV TELEVISION

Mirko TEPAVAC

WITH THE test programmes televised from Zagreb in the last two years, occasional broadcasts from Ljubljana, and, finally, now from studios in Beograd, preparations have been completed for a single Yugoslav television programme.

When, two years ago, a public discussion on television services began, the views of people who were ready to debate the matter differed widely. No one can say people who were against such services underestimated or neglected the great possibilities of this medium of information and entertainment, or that others, who advocated the introduction of television as soon as possible, failed to take into account the material and economic power of our country. But the arguments put forward for and against television demanded very serious consideration. Our country is relatively undeveloped, struggling with numerous difficulties of a financial and economic nature, and television is, as we all know, very expensive.

However, the final answer to the question whether we acted wisely by introducing television service at present will be given by the television programme itself. If this programme, which is awaited with keen interest, both by the advocates and opponents of television, proves to be of a high cultural and political standard, if it becomes a means for the raising of the cultural level of the people, if it becomes a real cultural factor, the sums spent on television will have been invested profitably. If, however, our television programme fails to justify such expectations, if it should remain within the limits of mere entertainment, if it proves to be just a toy, then television should have waited for better times.

People who are working on television, who have been advocating it all this time, consider that television broadcasting in our country, thanks to the available technicians, artists and actors, should play an important and useful part in our cultural life and entertainment. And television can really do that more successfully than other media of entertainment or information.

In referring to the problem of our relative backwardness concerning television, we must say something else, too. Television in our country must not pass through all the phases it has passed in other countries, regarding either technical ability or the programme itself. Television is now far from being a technical curiosity, the privilege of the rich. Yugoslavia has purchased — according to her means — television equipment which in a certain sense can really be said to represent advanced achievements of radio engineering. And in this way we have „skipped“ a series of initial phases of development.

The programme is another matter. In this, it will be difficult to attain a high standard in a short period. It is difficult to prepare a good and variable programme every day, the more so since the use of feature films on television is restricted. To prepare a good and successful television programme, one must have money and experience, and that is what we lack.

But, after all, the experience of television services in other countries has shown that expensive programmes do not necessarily mean better quality. The most expensive television productions are great spectacles, shows with extravagant costumes and decor which, in quality, often border on vulgarity, no matter whether they are prompted by competition or well-paid advertisements. And this we shall not be able to and do not want to copy.

This does not mean that our television programmes must pass through the phases they have passed elsewhere in the world, from their primitive forms to their present level. A large number of television films for exchange or hire are obtainable everywhere; great experience has been attained

in television broadcasting, and members of our own television staffs have been able to profit from this, either during visits to foreign countries, or in domestic test programmes. And, finally, we have advanced very far in some fields which are closely connected with television: journalism, drama, music, film, etc. Nevertheless the new undertaking is not an easy one. Television programme standards have been established in the world, and we should not lag behind them to any appreciable extent.

YUGOSLAV LIVING STANDARD AND TELEVISION

THE NUMBER of television sets depends on the purchasing power of the population, and in our country large numbers of people will not be able to purchase sets for some time to come (just as was the case in other countries when television was first introduced), but some circumstances do give rise to optimism. A small number of television sets does not necessarily mean a restricted viewing public. At first the chief buyers of television sets will be collectives, i. e., reading rooms, clubs, cooperatives, local branches of the Socialist Alliance, social organisations, schools, etc. — institutes which will buy and use the sets collectively. It can therefore be said that with about ten thousand sets, that is, as many as there will probably be in the country by the end of the year (there are about 7,000 sets in Croatia and Slovenia at present) about 100,000 or more people will be able to watch the television programme at any given time. And this is a figure that should not be underestimated.

As has been announced, in November television studios in the country will start to televise a single Yugoslav programme. This will certainly be of great political, cultural and moral significance for our multi-national state. Studios in Zagreb, Ljubljana and Beograd will produce programme alternately. Thus from the very beginning, television will play its part in strengthening the bonds between the different peoples and regions of our country.

It is no exaggeration to say that in this respect television can hardly be surpassed. The language differences create a far lesser obstruction in television than in any other medium of information. In Yugoslavia television broadcasts will be in the Serbo-Croatian and Slovene languages, but only the Latin alphabet will be used. Those viewers who do not understand these languages well will, nonetheless, be able to follow the programmes thanks to the visual affects, which are of the first importance in television. Comparing language obstructions in television with those encountered in, let us say, the press, theatre or sound broadcasting, some essential differences must be pointed out. A Slovene, for instance, finds it difficult to follow sound broadcasts in other Yugoslav languages. But he can follow, with great interest and success, any televised programme so to say — even when it is in an entirely unknown language, and very easily when it is in a language which is similar to his own. On the other hand, there are very few Serbs who cannot understand a Slovene to some extent, and there are still fewer Slovenes who do not speak Serbo-Croatian. Owing to this, television broadcasts will be an irreplaceable means of overcoming the national barriers which are bound to exist for a long time to come.

However, television will not only draw the Yugoslav peoples closer together; through it the Yugoslavs will be able to get to know the world beyond their frontiers much better. People in our country, which reject the policy of national and political isolation, will be able also to inform themselves

(To be continued on page 20)



JUGOTEHNA

Export - Import

JUGOTFHNA is a well-known Yugoslav export-import enterprise which has been engaged in this business many years. The basic export activity of this enterprise covers the following articles:

1. Wood and metal working machines- presses, drills etc.;
2. Motors, cables, lathes and other electro-products;
3. Electro insulators, ceramic flooring plates and other sanitary products;
4. Agricultural machines and tools, sprayers, tractor trailers etc.;
5. Metal goods, petrol „primus“ cookers, water-buckets, rivets, lamps, lanterns, cutlery, charcoal irons, propane-butane cylinders etc.;
6. Hand and forged tools of all kinds, planes, hammers, picks, hatchets, forks, rakes, scythes, sickles, files etc.

THROUGH its activities this enterprise has succeeded in creating a solid commercial organization in the country and abroad, while well-known Yugoslav factories enable it to meet the requirements of its business connections abroad as regards quality, delivery terms and prices.

The enterprise has recorded particularly good results in the export of those articles where long tradition,

extending over decades and even centuries ensures high quality, as well as in those where up-to-date installations and highly trained cadres have created conditions for the manufacture of articles which did not figure previously in Yugoslav exports, but have made Yugoslavia a prominent participant on the foreign market since the war.

Thus various tools, agricultural machines and devices (fruitspraying appliances, sprinklers for vineyards etc.) and other machines, pumps and pump aggregations, electro-industry products, non-ferrous metal products, diesel motors of different power, all types of steel cylinders etc., are articles through which JUGOTEHNA has earned, on the world market, the reputation of a reliable export firm.

A well-organized trade network abroad has enabled this enterprise to expand its business activities on various foreign markets, above all in the Mediterranean countries, in the Near East and Middle East, in Africa, in South America and in a number of European countries.

In addition to this, JUGOTEHNA is successfully engaged in the delivery of complete plants and equipment for various factories, for electro economy, railways etc.

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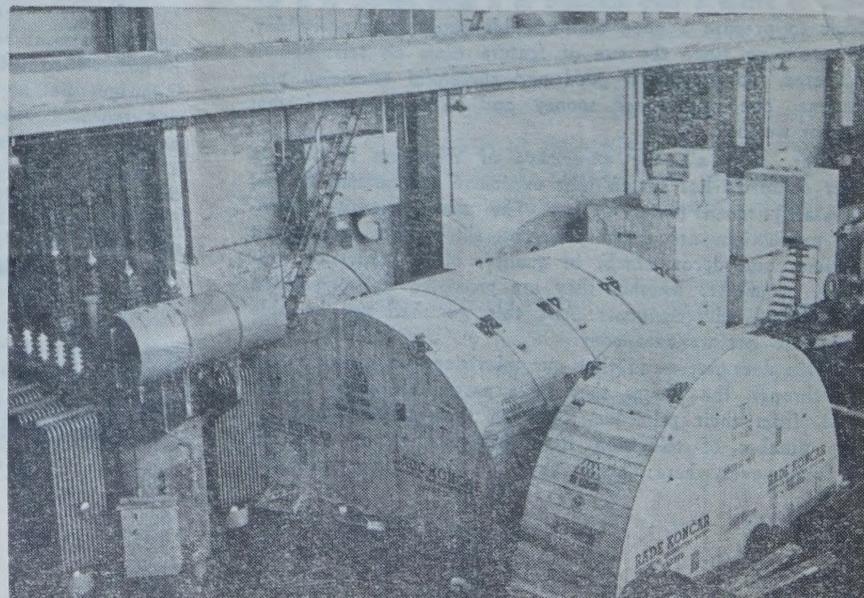
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SARAJEVO, Vase Pelagića br. 1, phone 24-38
NOVI SAD, Svetozara Markovića, br. 29, phone 40-56

LESKOVAC, Bore Stankovića br. 5, phone 313
SKOPLJE, Ilindenska br. 30, phone 20-42



(Continued from page 17)

visually about developments in the world. By exchanges of televised news broadcasts, television films and other material, and by direct relays of programmes of Austrian and Italian television, as well as of Eurovision, which is growing into a permanent European service for relays of selected national programmes, the Yugoslav public will be able to watch productions televised, not only from studios in Europe, but elsewhere in the world as well.

Yugoslav television broadcasting will be a new means of mass influence which, even at the very beginning, will hold its own with the other means now in existence.

DOCUMENTS

STATEMENT On Danish-Yugoslav Talks

On the invitation of the Yugoslav Government, H. K. Hansen Prime Minister and Minister for Foreign Affairs of Denmark paid an official visit to Yugoslavia from August 25-30, 1958.

During his stay, Premier Hansen held talks with the President of the Republic Josip Broz Tito, Vice President of the Federal Executive Council Edvard Kardelj and other Yugoslav government and political functionaries. He also visited several economic enterprises and cultural sights in Beograd and the Peoples' Republics of Croatia and Slovenia.

During the talks which took place in an atmosphere of cordiality and mutual understanding, opinions were exchanged on topical international problems of mutual interest and the Yugoslav-Danish relations.

Both governments agreed that at the moment the preservation of world peace is the prime task of governments and peoples. With this aim they consider that it is necessary to develop international cooperation on the principles of equal rights, independence, non-interference in internal affairs of other countries, while settling international disputes in a peaceful manner and thus strengthening international understanding and confidence. In this sense, the two governments are attributing a particular significance to the extension of assistance to the insufficiently developed countries primarily through the United Nations, as well as the promotion of the freer international material and cultural exchanges.

With a view to easing the existing international tension, the two governments consider that every genuine effort to approach the more resolute solution of the disarmament problem, beginning with those issues for which there are prospects of reaching agreement, should be indorsed.

It was noted during the talks that fruitful cooperation is being implemented between the two countries in various domains, including also the United Nations. Irrespective of the different social systems, and different views on individual international problems, both countries will continue their endeavours for the abatement of international tension in the future, as well as the strengthening of friendly relations and mutual cooperation.

It was noted with pleasure that there are no controversial issues between the two countries. Mutual relations are developing favourably and are yielding beneficial results in the growth of trade, cooperation in the domain of agriculture and industry as well as in the exchange of scientific and cultural experiences. Both parties expressed the wish to continue developing and deepening this cooperation, while availing themselves of different forms for this purpose, such as the exchange of views on problems of mutual interest, the expansion of economic and cultural relations, and the fostering of contacts between social, cultural and other organizations etc.

Negotiations and Agreements

YUGOSLAV-BULGARIAN CONVENTION. — On August 1 ratification instruments were exchanged in the Bulgarian Foreign Ministry of the Convention on Social Insurance between Bulgaria and Yugoslavia. This Convention was signed in Beograd on December 18, 1957, and it will come in force on December 1 this year.

YUGOSLAV-FRENCH AGREEMENT. — An agreement on pre-war French financial claims from Yugoslavia was signed in Paris on August 2. Under this agreement, new credits may be opened to Yugoslav enterprises in France.

Political Diary

August 20 — After a tour of some Slovenian towns, President Tito made a speech at a reception given in his honour in Maribor, in which he said that Yugoslavia was waging an intensive struggle for the consolidation of peace and for the implementation of the principles of coexistence between nations with different social systems. However, President Tito added: "This struggle and these principles are not to the liking of all people, and we are being attacked by those who approve them in words".

August 21 — Stevan Hristić, the well known Serbian composer and member of the Serbian Academy of Science, whose name will always be linked with the development of contemporary Yugoslav music, died in Beograd.

Review of INTERNATIONAL AFFAIRS

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